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ABSTRACT

The first two chapters of this report recount the history and organizational goals of the Council for Adult and Experiential Learning (CAEL) and then list challenges and barriers to adult training and education. Chapter 3 describes characteristics of programs that would respond to the skill-building challenge: (1) provide opportunities to all levels of the work force; (2) foster employee initiative and motivation in gaining skills and knowledge; (3) allow employees to choose from among training options and have them learn on their own time; (4) provide prepaid tuition; (5) provide ongoing educational advising and support; (6) link tuition assistance to identified human resource needs and communicate these needs to employees; (7) provide a continuum of options from General Educational Development preparation to technical courses and certificates and degrees; (8) integrate public and private school opportunities with employer-sponsored programs; and (9) provide a single point of contact for employers to get information about education and training options. It also discusses CAEL's experience with comprehensive employee education and training programs, emphasizing the joint ventures model. Chapter 4 makes the following recommendations for public policy directions: (1) provide technical and operational resources to help implement programs; (2) provide tax incentives to employers for ongoing operation of programs; (3) make the tax exemptions permanent; and (4) build educational institutions' capacity to work in partnership with employers. (CML)

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Council for Adult and Experiential Learning

October, 1992

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The Council for Adult and Experiential Learning

The Council for Adult and Experiential Learning (CAEL) is a national leader in the field of adult learning and is the preeminent not-for-profit organization coordinating educational services for adults. CAEL's membership includes over 600 colleges, universities, corporations, labor unions, associations and individuals. Since its founding in 1974, CAEL has worked actively to identify and remove barriers encountered by adult learners who wish to re-enter the educational system.

CAEL's early activities have included:

- development and dissemination of techniques with which to evaluate college-level learning gained from work and life experiences (prior learning assessment)
- creation and distribution of publications for those in the field of adult learning
- professional and institutional development programs to assist the academic community in responding to the educational needs of adults

For almost a decade, CAEL has applied its expertise to the field of workforce education, pioneering the development of innovative employee education and development programs in a joint ventures framework. These "joint ventures" programs draw the employer, its unions (if applicable), its employees, education providers, and CAEL together into a partnership. In this partnership, CAEL acts as a bridge between the employer and the educational community to provide support services for employees and to link employees to all educational opportunities available to them.

To date, CAEL has designed and administered over 30 joint ventures programs, serving both large and small employers as well as diverse employee populations in industries ranging from telecommunications to manufacturing, from construction to government agencies at both federal and local levels. CAEL currently has active joint ventures projects in 25 states.

Out of CAEL's experience in the arena of employee growth and development, several other organizational activities have emerged:

- consultation services to the educational, business, government, and organized labor communities to assist each of these sectors in responding to the educational needs of working adults
- research to expand knowledge about effective learner-centered programs and build educational institutions' capacities to provide them
- public and private sector policy initiatives to promote policies responsive to the needs of adult learners

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CAEL staff who contributed to this paper include: Pamela Tate, President; Susan Kennedy, Managing Director of Marketing; Jo Winger dé Rondon, Executive Director, Western Joint Ventures Center; Elaine Metzger, Director, East Coast Joint Ventures Center; Laura Winters, Director of Planning and Program Development; and Ann Chipman, Associate Director, Midwest Joint Ventures Center.

The Skill Building Challenge

Across the United States, businesses are experiencing the effects of profound demographic changes, rapidly-developing technologies, and a shifting economic base. To compete in this new, global economy, businesses require highly-skilled employees at all levels of the workforce, capable of innovating and problem solving on the job. To remain employable in this economic environment, workers at all levels will need to upgrade their skills; front-line workers in particular will need to acquire skills that enhance productivity and ensure adaptability in a dynamic work environment. Studies show that almost fifty million workers will need additional training over the next decade to keep up with the new demands of a changing economy and workplace.

Despite the well-documented need for highly-skilled workers, numerous studies and surveys have found that increasing numbers of employees do not have the kinds of skills required to succeed in today's job market. A study conducted by the U.S. Departments of Education, Labor and Commerce found that two-thirds of employers consulted assessed the current pool of entry-level applicants as insufficiently prepared even in basic skills. The skill-building challenge is particularly pressing in light of the limited number of new entrants to the workforce: nearly 80% of those who will be in the workforce in the year 2000 are already out of school and working.

A survey conducted by Heidrick and Struggles, an executive search firm, reported that 62% of responding corporate board chairmen identified building and keeping a qualified workforce as the most important issue American companies will confront during the next decade. But despite the recognition among some business leaders of the need to build employees' skills, most employers provide either little or no training for front-line workers, or their training programs are too-narrowly focussed on short-term needs to fully realize long-term goals.

Few Companies Provide Training for Front-Line and Hourly Workers.

Among small businesses--which represent the fastest growing sector of our economy, already employing 56% of the nation's private-sector workforce--a recent survey found that only 20% of firms with 100-200 employees, and only 6% of firms with 20-99 employees, provide any training at all for their employees.

In the corporate sector, even those businesses that do invest in training tend to allocate available training dollars primarily to managers and supervisors. According to the American Society for Training and Development, over 70% of training dollars are allocated to managers and supervisors--a group that comprises only about 30% of the workforce. The other 70% of the workforce--the hourly, industrial, service and paraprofessional workers--must share the remaining 30% of the funds. Often, these workers come from the traditionally under-served sectors of the population: minorities, women, and immigrants. Thus, as the situation currently stands, those most in need of education are least likely to receive it from their employers.

Training that is Available to Front-Line and Hourly Workers is Primarily Job-Specific and Linked to Short-Term Goals.

Those training dollars that are directed to front-line workers are usually allocated to provide job-specific training to meet short-term goals, such as teaching employees how to use new equipment or ensure safety in the workplace. While such training is important, it generally does not provide employees with opportunities to improve basic skills, increase productivity, or develop the problem-solving and communication skills that will be required of them in the future as their companies adapt to economic change.

Tuition Reimbursement Programs Lack Integration with Strategic Human Resource Development Plans.

While many large companies also have tuition reimbursement programs, through which employees can continue their education by enrolling in local educational institutions, these programs are generally regarded as an employee benefit which is distinct from and lacks coordination with the employer's overall strategic human resource development plan.

Tuition Reimbursement Programs are Under Utilized.

Partially as a result, tuition reimbursement programs tend to be under utilized by employees who don't see the connection between continued education and job growth and development. Tuition reimbursement programs are also under-utilized by front-line and hourly workers because the majority of these workers lack the necessary financial resources to pay for their tuition up front. According to a report of the National Institute for Work and Learning, only 3-5% of the eligible workforce actually uses tuition reimbursement programs.

If America is to regain its competitiveness, the current trend in training for front-line and hourly workers cannot continue. As the preceding statistics show, most employers make little or no investment in training for these workers. Among those that do provide training, efforts are fragmented, and fail to maximize the resources invested. To meet the skill-building challenge, employers must integrate and expand their current training programs. First, it is important to understand what has prevented many employers from making a greater investment in training for their front-line and hourly workers.

Barriers To Employer Investment in Employee Education and Training

The Commission on the Skills of the American Workforce's report, *America's Choice: High Skills or Low Wages*, concluded that employers have a conscious low skill/low wage strategy. CAEL contends that employers do not have a conscious low skill/low wage strategy, but, rather, face significant barriers that discourage an investment in their front-line and hourly workers. To make an investment in skill building in the workplace, employers, like individual adult learners, need the requisite information, financial resources and support.

Based on its extensive experience in designing and implementing programs that promote employee growth and development, CAEL has identified a number of key barriers to employer investment in the education and training of employees.

- **Employers lack the time to develop and implement training programs.**

  Most employers, and particularly smaller ones, identify the lack of time as their most significant barrier to establishing employee development programs. They report that managers already have their hands full just meeting work schedules and deadlines; they simply don't have the time to develop and implement training and education programs that will address human resource needs in a comprehensive fashion. In addition, training takes people away from their jobs, and there simply aren't enough staff resources available to release people, on employer time, for training.

- **Employers lack the financial resources to develop and implement training programs.**

Many employers also cite insufficient financial resources as a primary barrier to a greater investment in worker and education and training. The costs of training are comprised not only of instructional fees, but also, and more significantly, of lost wages for training conducted on company time. A recent study conducted by CAEL on training costs in the steel industry found that 80% of employers' costs were in lost wages, while only 20% of costs were for instruction.

- **Employers lack information about effective models for employee education and training.**

Most employers are not familiar with effective models for worker education and training. Even those that have been exposed to successful models often do not know how to apply these ideas to their companies or how to connect with educational providers who can deliver the training.

- **Employee education and training, especially for front-line, entry-level and hourly employees, is not viewed as contributing to increased productivity and the "bottom line."**

Employers usually recognize the connection between training and the bottom line in very specific cases, such as when new equipment is purchased. However, most employers do not have enough information about the impact of employee development on productivity to see the connection between broader worker education and training and the bottom line.

- **Employers equate training with "trouble shooting" or remediation.**

Most training departments are dedicated to providing short-term remediation. They may be charged, for example, with solving an immediate problem, or orienting employees to use new equipment or adapt to new procedures. This function is critically important. However, this piecemeal, reactive approach to training is not, in itself, sufficient to address a company's long-term skill needs.

- **Employers believe that employees who develop transferable skills through training programs will leave for better jobs.**

Many employers believe that their investment in training will result in employees leaving the company after they have attained new skills, especially if education and training options go beyond job-specific skills.

CAEL has found that even when employers are able to overcome these initial barriers to investing in education and training programs, they often face additional, external obstacles to implementing and sustaining these programs.

Barriers to Employer Implementation of Employee Education and Training Programs

- **Post-secondary educational providers are often inaccessible and slow to respond to employers.**

With some exceptions, post-secondary educational institutions have not been readily available or prepared to respond to employers' requests for assistance. Many of these providers have failed to reach out to the business community to establish programs in partnership with them.

- **Educational providers' programs often do not meet employers' needs.**

Among those providers who *have* reached out to work with the business community, most continue to bring an already-established menu of programs to employers. Both post-secondary educational

institutions and private training vendors often lack the flexibility in approach and in curriculum to work effectively with employers to define their specific needs and adapt programs to meet those needs.

- **Employers must treat training as a cost, rather than an investment.**

Both capital investments and worker education and training are long-term investments in a company's future. Yet, while the tax code allows capital investments, such as equipment purchases, to be depreciated over several years, training and development costs must be treated as expenditures in the current year's operating budget. Most employers find that they do not have sufficient resources in their current year's operating budget to make a significant investment in their employees' long-term growth and development.

- **Government funding for employee education and training is limited and difficult to access.**

  - There is little available funding for programs that promote employee growth and development. The few existing programs present a bureaucratic maze that most companies do not have the time or the resources to navigate.

  - For small firms, which employ 56% of the private-sector workforce, the problems are exacerbated.

    On one hand, these firms need education and training more since they demand a greater diversity of skills from their employees simply because there are fewer people to do the work. On the other hand, time off for training is problematic since each individual is critical to smooth business operation and may be called upon to pitch in whenever there is a need. In addition, many small, as well as medium-sized, firms are too small to operate their own training programs and little staff time is available to locate appropriate programs for employees. These firms also tend to have even fewer financial resources of their own to invest in training and education.

In addition to the barriers faced by employers in investing in and implementing employee education and training programs, *individual workers* also confront barriers to participating in programs once they are established.

Barriers To Employee Participation in Education and Training

- **Employees lack information about the skills needed for their future employability and the education and training options that can help them to acquire these skills.**

Employees need more information from their employers on the skills that will be needed. They also need information on both available internal training options, and the offerings of educational providers in their community. Employees also need to learn how to navigate the educational system and access services--how to be effective educational consumers.

- **Employees are not aware of their own skills, interests and aptitudes.**

Quite often, employees proceed to pursue education or training goals before they have identified their own skills, interests and aptitudes. Employees need assistance in conducting these self-assessments prior to participation in education and training programs.

- **Many adults equate school with failure, and lack confidence in their ability to learn.**

Many workers who have not been successful in previous educational experiences may associate continued education with failure and, as a result, be

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reluctant to participate. Moreover, employees often find that their family or peer culture provides little support for continuing education.

- **Employees find the cost of tuition and books to be prohibitive.**

  Many employees simply cannot afford to pay up front for tuition and textbooks. And while most working adults can only attend school part-time, financial aid generally is available only to full-time students.

- **Educational providers often do not meet employees' needs.**

  While some educational institutions have played a leadership role in designing programs responsive to the needs of working adults, most have not made this transition. Barriers include courses offered at times or locations that make it difficult for employees to attend; unapproachable or inaccessible instructors; obstacles to the full and fair transfer of credit earned elsewhere; and severely limited hours for access to essential services such as registration, admissions, financial aid, bill payment, and program advising and planning.

- **Educational providers often do not recognize employees' previous learning.**

  In addition, adult learners often are not awarded college credit for what they already know. Instead, they must enroll in courses they have already mastered, which wastes their time, money and effort. Prior learning assessment (PLA) is now a recognized, well-respected academic practice that includes a number of techniques for evaluating and awarding college credit for college-level learning that an adult has gained through work and life experience. PLA not only saves adults time and money; it enhances students' self esteem by acknowledging and rewarding previous learning, thus greatly increasing their chances of succeeding in further learning experiences. And yet too many educational institutions still do not have PLA programs in place.

Some of these barriers are rooted in beliefs about the role of training and education in the workplace. Others reflect difficulties in developing new ideas and approaches. And some are external to the workplace and provide direction for public policy recommendations. All of these barriers--both to employer investment in employee education and training and to individual workers in participating in such programs--must be overcome in order to address the skill-building challenge.

Responding To The Skill-Building Challenge: New Solutions

Programs that Promote Employee Growth and Development

CAEL has found that, to meet the skill-building challenge, a new, barrier-removing approach to employee education and training is needed. This new approach must achieve the following goals:

- Provide employee growth and development opportunities to all levels of the workforce
- Foster employee initiative and motivation in gaining skills and knowledge
- Give employees an investment in training outcomes by allowing them to choose from among relevant education and training options and having them learn on their own time
- Provide prepaid tuition to assure access for all levels of employees
- Provide ongoing educational advising and support for employees
- Maximize tuition aid dollars by linking tuition assistance to identified human resource needs and communicating these needs to employees
- Provide a continuum of education and training options to meet the needs of employers and workers, from basic skills and literacy instruction, to GED preparation, to technical courses and college certificates and degrees
- Integrate educational opportunities available through public and private schools and colleges with employer-sponsored education and training programs
- Provide a single point of contact for employees to get information about all of their education and training options

This new approach to the skill-building challenge acknowledges the fact that employees enter education and training programs with varying skill levels, and provides a vehicle through which employees--at all educational levels and at all levels of the workforce--may develop a broad range of skills.

In contrast to traditional employee education and training programs, which focus on job-specific skills and short-term needs, the new approach focuses on a comprehensive set of skills--that includes job-specific skills, basic skills and more advanced skills, such as the ability to communicate, innovate and solve problems--to meet both short and long-term needs.

If employees are to acquire these skills, they must first be motivated to learn and have a stake in the outcome.

To give employees an incentive to learn, and to promote their commitment to achieving training goals, employees must play an active role in their own growth and development. Thus, this new approach recognizes and supports the need to put the individual employee, or learner, at the very heart of the education and training program.

To foster initiative in gaining skills, employees should be given information about the skills that their employer anticipates a need for, both at the current time and in the future. Employees should also be given comprehensive information on both internal and external education and training options that will enable them to acquire these skills. Armed with this information, employees can then choose what they will learn; select the educational provider

who best can provide training in the chosen area; and determine a timetable for achieving the goals that they have set for themselves.

One way to facilitate a transition to this approach is to form partnerships among businesses, their employees and unions (where applicable), and local educational providers. Through these partnerships, a comprehensive program model can be created that maximizes and integrates the resources and expertise of each of the partners, enabling employees to access a full range of educational options in their community, as well as internal training options. Job-specific training can be offered in house on company time, while broader training and education can be offered to employees on their own time.

CAEL's Experience with Comprehensive Employee Education and Training Programs: The Joint Ventures Model

What are the specific program models that promote employee growth and development? The following description of CAEL's joint ventures approach is intended to illustrate *one model* for meeting the skill-building challenge. CAEL's joint ventures approach has successfully removed the barriers to employer investment in education and training, as well as barriers to employee participation in programs once they are established. CAEL believes that both businesses and policy-makers can benefit from the experience CAEL has acquired in designing and implementing its joint ventures model.

CAEL acts as a bridge among the employer, its employees, and local educational providers which deliver services to the employees. As program manager, CAEL engages in the following activities prior to introducing a joint ventures program to the workforce:

- **CAEL begins by drawing the employer, its unions (if applicable), and its employees together into a partnership.** CAEL assists these partners to identify human resource needs and assess the effectiveness of current employee education and training programs. Based on these findings, CAEL advises the employer on how to build a more comprehensive and integrated education and training system.

- **To complement and expand the company's internal training offerings, CAEL establishes a network of local educational providers to deliver additional services to employees.** This network of educational providers becomes a vital partner in the joint venture, capable of linking employees to all available education and training opportunities in their area. CAEL manages the provider network to ensure responsiveness to employer and employee needs. Through the network, employees can select the provider that best enables them to pursue education at their own appropriate level.

- **Once this network has been established, CAEL identifies a representative of each provider, who will work with the program throughout its duration.** CAEL briefs these individuals on the program and assists them in establishing internal systems to accommodate CAEL's prepaid tuition system--a system that enables employees to enroll simply by presenting a voucher, or "Letter of Credit."

- **CAEL next identifies individuals within the educational provider network to serve as program advisors and Returning to Learning® workshop leaders.** CAEL trains these individuals to provide individualized advising services to employees, as well as to deliver small-group Returning to Learning® workshops which motivate employees to continue their education and instill a sense of confidence in their ability to learn.

During initial training, advisors receive information about the program and the special needs of employ-

ees from the company, union staff (if applicable), and CAEL. Advisors are then prepared to serve as a "one-stop shopping" resource to employees both on the company's internal training opportunities and on educational programs available through local providers. Advisors work on behalf of the individual and on behalf of the program, rather than in the interest of their home institution. This unbiased advising is a unique feature of the joint ventures approach to education and development.

- **CAEL then gathers comprehensive information on the range of programs and services offered by each provider.** This information is compiled into easy-to-read reference materials for use by program advisors and employees alike.

Once these pieces are in place, CAEL works with the employer to develop a plan to introduce the program to the workforce. CAEL then assumes ongoing responsibility for program management, thereby minimizing the employer's own investment of time in ensuring the program's success. At the company's direction, CAEL tailors the following services and benefits to meet employer and employee needs:

- **Outreach.** CAEL conducts face-to-face outreach sessions at individual work sites to describe program benefits, answer employees' questions, and encourage participation.

- **Prepaid tuition.** Up-front financial assistance for education and training is provided through tuition vouchers, or "Letters of Credit," which employees present upon registration at educational institutions in lieu of payment.

- **"Returning to Learning®" workshops.** During this interactive workshop, facilitators guide employees through self-assessments to assist them in discovering their skills, interests, and aptitudes; help them to identify educational and career goals; and provide comprehensive information regarding local educational options at <u>all</u> levels: from basic skills, to technical training, from undergraduate to graduate and professional study. The Returning to Learning® workshop also helps employees to put previous educational experiences, which may have been negative, into context, and to see the advantages of returning to school as an adult.

- **Individualized advising and support services.** Employees can meet individually with program advisors for help in planning their educational and career goals and selecting an educational provider. The services provided by joint ventures advisors are employee-centered: the advisor informs, supports, and encourages the individual's educational and career decisions.

  In addition to resource materials on the programs and services of local education providers, CAEL provides advisors with comprehensive resource materials on the prior learning assessment (PLA) programs offered through local colleges and universities. Advisors then make employees aware of options for having their prior learning assessed for college credit.

- **Toll free lines.** At any time prior to or during their participation in the program, employees may call CAEL's toll-free lines to receive answers to their questions, assistance with the school enrollment process, referrals to program advisors, referrals to company training programs, and information on upcoming Returning to Learning® workshops.

Enabling employees to accomplish much of their learning on their own time is a unique feature of the joint ventures model.

The investment of their own time motivates employees not only to begin, but to pursue their education and development; educational and training opportunities become a self-investment, through which they exert greater control over their lives and futures. In addition, the individual employee's time contribution also can eliminate a significant portion of the

employers' costs for wages lost during on-the-job training; thus, a wider range of businesses may bring educational and training options to their employees. This factor is of special importance to small business owners, given their financial, time, and staff constraints.

The following examples reflect the benefits of programs which adopt the employee growth and development approach. These programs:

- Bring about increases in productivity.

  Employees in a CAEL joint venture with a leading paper manufacturer had varying levels of skills before entering the program--ranging from those with first and second grade reading levels to those interested in pursuing graduate degrees. CAEL worked with the manufacturer to develop a comprehensive education and training program that was flexible enough to meet this full range of needs. By establishing linkages with a broad group of educational providers in the community, and providing employees with advising services that enabled them to establish goals and identify providers' that would best suit their needs, a continuum of learning opportunities was provided. Because those with basic skills needs participated side-by-side in the same program with those with those whose skills were more advanced, there was no stigma associated with participation, and employees at all levels came forward in large numbers to take advantage of the program.

  As a direct result of the program, the company was able to give greater decision-making and self-monitoring responsibility to these front-line workers; increases in productivity were widely reported.

- Reduce employee turnover.

  Contrary to employers' fears that employees will leave the company after upgrading their skills, CAEL has found that employees who participate in joint ventures programs are *more likely* to stay with the company because they recognize that the company values them and has made a commitment to helping them prepare for the future. In fact, there are several documented cases in which introducing training programs has *reduced* employee turnover.

  As cited in the *Wall Street Journal*, a national fast-food chain implemented a prepaid tuition program for its employees at one location where high turnover had cost the company $62,000 in training and hiring costs during the previous year. After the first year of implementation, a study showed that the annual turnover was reduced to 58% among employees enrolled in school through the program, versus a 240% rate for the business' other workers. The business' total cost for the program in prepaid instructional fees was only $10,000.

- Achieve unprecedented participation rates.

  - According to the National Institute for Work and Learning, the average utilization of company tuition aid programs is only 3-5% of the eligible workforce. However, in CAEL's joint venture with one large employer, whose 28,000 employees are spread over a fourteen-state area, the percentage of employees enrolled in school rose from 6% to 26% over a three-year period.

  - In another joint venture with a midwestern telecommunications company, only 3.5% of all eligible employees had participated in the company's existing tuition reimbursement program in 1986. During the next three years, as a result of a concerted company effort, the participation rate rose to 7%. However, only ten months after CAEL's joint ventures program for this employer was instituted--only one full semester of implementation--11% of the entire eligible workforce, both union-represented and managers, had returned to school.

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- **Enable employees to make sound choices about their education and training needs.**

Some employers are initially skeptical about their employees' ability to make appropriate decisions about their education and training needs. However, in CAEL's experience, when individuals are given information about company needs, internal and external training opportunities, and have access to advising and support, they make choices that are appropriate both for the company and themselves.

In one program that CAEL administers for a telecommunications company, 72% of employees who participated in the program chose to study business, electronics, or computer and information systems, the three major areas in which the company had identified a need for more skilled employees. An additional 14% of employees chose to study liberal arts, in order to develop the communication, creative-thinking and problem-solving skills that were also in demand in this company.

Recommendations For Public Policy Directions

Education and training programs, like the joint ventures model, that promote employee growth and development, have the potential to improve productivity and foster employee development and retention. Some employers have already begun to play a leadership role by making the shift to a more strategic approach to human resource development. Still, relatively few employers have invested in programs of this type. While employers should not be solely responsible for responding to workforce skill-building needs, their involvement and investment is critically important to ensuring long-term economic competitiveness.

A key issue that remains is how to disseminate effective program models for worker education and training to more employers across the country, convince them of the efficacy of an investment in this approach, and encourage replication. Following are specific public policy recommendations to stimulate employer investment in programs that promote employee growth and development; remove barriers to employee participation in such programs; and enhance educational providers' ability to partner effectively with businesses.

1. **Provide resources for technical assistance and program operation to help employers (and unions, where applicable) implement programs.**

   Technical assistance might include:

   - working with employers to assess their human resource needs
   - designing worker education and training programs
   - disseminating information about courses and services offered by educational providers
   - developing assessment and advising options for employees
   - establishing prepaid tuition systems

   Public matching funds could also be provided to offset employers' initial costs for program operation, which include:

   - program start up
   - instructional fees and related costs, including textbooks
   - advising and assessment
   - program management/coordination

   Small and medium-sized employers may not be large enough to develop programs of their own. Funding should be made available for these employers to establish programs through a network of small employers that share similar employee growth and development needs.

   Sources of funding might include:

   - federal grants and state appropriation of general revenue funds
   - state lottery revenue
   - sales of bonds
   - interest, fines and penalty dollars from the unemployment insurance trust fund
   - federal sources including the Job Training Partnership Act, Carl Perkins, Wagner Peyser Act, and Adult Education Act

   In addition, forty-six states currently have state-supported customized training programs. While their function is important, most of these programs continue to operate in the short-term, job-specific mode, providing assistance to employers to meet specific training needs or to prepare employees to use newly-purchased equipment. Some funding from the current customized training programs could be redirected to support comprehensive employee education and training programs.

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Whatever funding mechanisms are used, they must be streamlined and simple for employers to access. Currently, employers are hesitant to become involved in public programs because they believe government programs will involve a bureaucratic maze of red tape. Most employers do not have the time or resources to invest in such a time consuming process.

2. **Provide tax incentives to employers for ongoing operation of programs.**

   Small and medium-sized employers in particular may continue to need financial incentives to maintain programs. For many employers, tax incentives could be used to support programs. Appropriate tax incentives should be explored that will be supported by both business and labor.

3. **Make the tax exemption for employer-provided education and training benefits permanent.**

   Making the tax exemption for employer-provided education and training benefits a permanent part of the tax code would alleviate the current administrative difficulties faced by employers, as well as provide employees with a greater incentive to participate in such programs. Historically, this temporary tax exemption has been allowed to expire each year, creating untold administrative difficulties for employers who must respond to the ever-changing tax status of these programs. The temporary tax exemption has also created confusion and discouraged participation in education programs among employees who become uncertain about the tax status of these benefits.

4. **Build educational institutions' capacity to work in partnership with employers.**

   In order for educational providers to meet the needs of employers and adult learners in the workplace, funding formulas and policies that promote employer-educational institution partnerships must be put in place.

Specific recommendations include:

- **Ensure that funding formulas are sufficiently flexible to allow educational institutions to develop partnerships with business for programs that promote employee growth and development.** Current state funding formulas that match tuition dollars based on the number of full-time equivalent students put institutions that develop credit-bearing programs for adult learners at a disadvantage because most working adults can only attend school on a part-time basis. State funding structures need to be revamped to allow institutions the flexibility to tailor programs to meet specific employer needs; offer classes at times that are convenient for employees; and make assessment and advising accessible to all students.

- **Provide resources for, and encourage educational institutions to assess, students' prior learning for college credit.** Adult learners should not be required to pay tuition for or spend time repeating what they already know and can do. Prior learning assessment provides a respected and time-honored means through which previous learning can be acknowledged and rewarded, yet many institutions do not have such programs in place or do not have the resources to market these programs to their student bodies.

- **Change financial aid laws to allow for aid to part-time students.** Changing current financial aid laws to allow financial aid for part-time students would offset employers' costs for instructional fees and provide additional incentive to employees to participate.

Currently, most financial aid programs exclude part-time students; yet, most working adults are only able to attend school on a part-time basis.

- **Increase funding to educational institutions to provide requisite resources for adult learning programs.** The American Council on Education reports that in the 1991-92 academic year, 57% of higher education institutions had to cut their budgets, compared with 45% of schools the previous year. Public institutions suffered the most, with 73% of public two-year colleges, and 61% of public four-year colleges reporting they had made cuts. Taking inflation into account, two-thirds of all public colleges and universities lost financial ground in the past year.

  Moreover, too few resources are available to provide adult literacy and basic skills programs to the millions of adults who need them. If even half of these individuals were to seek out basic skills/literacy instruction through employer-sponsored programs, providers of these services would lack the capacity to meet this need.

  It simply is not possible to improve providers' responsiveness to the needs of working adult students and their employers with currently available resources. Funding for educational institutions must be increased and targeted to address workforce development needs and the needs of adult learners.

Conclusion

To meet the skill-building challenge in the workplace, employers must invest in a comprehensive approach to employee education and training which maximizes the impact of internal, job-specific training and utilizes the resources of existing educational programs in the community, while fostering employee initiative in gaining new skills. This new approach has the potential to turn the rhetoric of building a more competitive, world-class workforce into a working reality. Already, successful, barrier-removing models for promoting employee growth and development are being implemented and achieving results with unprecedented participation levels. To expand the impact of these programs, however, both public and private policies need to be developed that will support these efforts, encourage their dissemination and provide sufficient resources for their replication.

Comprehensive education and training programs that promote employee growth and development provide an important opportunity to regain America's economic competitiveness while enhancing the quality of workers' lives. This opportunity must not be lost.

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For additional copies of this report, please contact:

National Headquarters
223 West Jackson • Suite 510 • Chicago, Illinois 60606
312•922•5909 Fax: 312•922•1769